

STAFF REPORT
City of Lancaster
Lancaster Redevelopment Agency

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02/13/07
RSL

Date: February 13, 2007
To: Mayor Hearn and Council Members
From: Robert S. LaSala, City Manager
Subject: **Fiscal Year 2006-2007 Mid-Year Budget Review**

Redevelopment Agency Recommendation:

- a. Adopt the Lancaster Redevelopment Agency's proposed Fiscal Year 2006-07 Mid-Year Budget Adjustment as shown on the attachments.
- b. Adopt Resolution No. 04-07, establishing the terms and conditions and accepting the execution of a promissory note in favor of the City of Lancaster for the distribution of funds to the revolving fund of the Lancaster Redevelopment Agency pursuant to the implementation of the Mid- Year 2006-07 budget.

City Council Recommendations:

- a. Adopt the City of Lancaster's proposed Fiscal Year 2006-07 Mid-Year Budget Adjustments, Transfer In/Out Adjustments, and City Capital Improvement Program Adjustments as shown on the attachments.
- b. Adopt Resolution No. 07-24, establishing the terms and conditions and approving the execution of a promissory note in favor of the City of Lancaster for the distribution of funds to the revolving fund of the Lancaster Redevelopment Agency pursuant to the implementation of the Mid- Year 2006-07 budget.
- c. Adopt Resolution No. 07-25, establishing the terms and conditions and approving the execution of a promissory note in favor of the City of Lancaster General Fund for the distribution of funds to the Sewer Maintenance District pursuant to the implementation of the 2006-07 Mid-Year Budget.
- d. Adopt Resolution No. 07-26, establishing the various classifications of employees of the City of Lancaster.
- e. Adopt Resolution No. 07-27, amending Resolution No. 06-231 establishing a compensation schedule for the various classifications.

Fiscal Impact:

Total City Revenues (all funds) are estimated to decrease \$16,271,130 and total Operating Expenditures are requested to increase \$ 5,804,910; a decrease of \$14,941,770 to the Capital Improvement Program and a net decrease \$ 2,746,922 in operating transfers.

General Fund revenues are estimated to increase \$340,865, and expenditure adjustments total \$690,120. Total General Fund Capital Projects are requested to decrease \$2,133,055.

Total Redevelopment Agency Revenues (all funds) are estimated to increase \$17,124,056 and total Operating Expenditures are requested to increase \$2,771,520; an increase of \$12,530,138 to the Programmatic budget and a net decrease of \$1,907,633 in operating transfers.

Background:

Each year at this time staff takes the opportunity to review the current economy, state of the City, and assumptions made in developing the budget. The results of this review are presented in the form of budget adjustments in order to adjust to the current climate that the City and Agency are operating under. In addition, priorities are reviewed to determine if new priorities have been set that require updates to the budget.

The City is in good financial health; however, the City is realizing a decrease in revenues due to a slowing housing market and changes in the economy. This is particularly impacting our capital improvement program, as a result several projects are recommended to be deferred into fiscal year 07/08.

As previously discussed with City Council, Lancaster is taking steps to assume responsibility for the Sewer Maintenance District. In support of that effort a loan from the general fund in the amount of \$270,000 is needed to fund setup costs.

There are two personnel requests. One request for the City includes upgrading a vacant Parking Enforcement Aide position to a full time Parking Enforcement Officer which will provide field supervision. The Redevelopment Agency's Economic Development/Redevelopment Department is requesting a Senior Redevelopment Program Coordinator.

A summary of all City mid-year budget requests is available in Attachment A. A summary of all Redevelopment mid-year requests is available in Attachment B. Details of all requests are available for viewing through the City Clerk's Office.